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(Author's name only)

**THE VICTA VISION**

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Page 2

of costs when large quantities of material are drawn from stocks on hand, procured [REDACTED], or requisitioned from headquarters.

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3. I have participated in series of meetings recently held with the Acting Comptroller and the Director of Logistics, and technical experts of their offices. In addition, [REDACTED] was here to participate and expound his problems and ideas. The first conclusion reached was that no system to accomplish financial property accounting can be devised that does

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a. The property categories to be eliminated from application of Financial Property Accounting Procedures as set forth in paragraph 2a(1) of the summary will be incorporated under paragraph 1, Chapter I, of the handbook.

b. The suspense account provided for in 2a(3) of the summary is not provided for in your draft of the revised handbook.

c. The provision for elimination of the material in transit as provided for in paragraph 2a(5) of the summary has not been incorporated in your draft of the handbook.

d. The provisions in the revised handbook, page 29, chapter VI, paragraph 2a(6) for a report of issuance to property in use will be deleted from the handbook inasmuch as it has been determined that the requirement for submitting such a report should be deferred at least for the present.

4. In order to permit immediate benefits in your area from the simplifications enumerated in the summary, the Station is authorized to implement any or all of the changes referred to at this time. A separate dispatch is being forwarded to the Station from the Acting Comptroller relative to the elimination of the monthly Schedule E-1 - "Cash Disbursements for Property Acquisitions".

/The Station is

**S E C R E T**

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25X1A6c

Page 3

5. The Station is authorized to implement any or all of the changes noted above. None of us accept the revised IPA and property authorization control procedures as the ultimate, either as to simplification or as the most effective management tool. The ideal is to combine in a single procedure the requirements for controlling each allotted to projects and activities as well as the authority to utilize property resources from inventories. We desire to control uses of Agency resources (as differentiated from expenditures) in a single account -- call it allotment, allocation or limitation. With our present annual appropriation authority we cannot now do that because we cannot give an allocation to a project for money and supplies and at the same time give an allocation to LOGISTICS for procurement of the required supply items. For example:

Project X is approved for \$100.00 (it is anticipated that \$70.00 is required for salaries and \$30.00 for supplies). We now allot to the project \$70.00, to Logistics \$30.00. We cannot allot \$100.00 to the project and also \$30.00 to Logistics because that would exceed appropriation authority. On the other hand, if every procurement action is charged directly to the project there would be no provision for stockpiles, long lead times, etc. If, however, we had a separate fund (such as the [REDACTED] stock fund) for maintenance of an organization stock level, we could allocate to the project the entire \$100.00 and the project would "buy" from Logistics the supplies, based on issues to the project, thus recording the costs in the project allocation account, and reimbursing Logistics to replenish its inventory. Through the allocation account of \$100.00 the Station would have a record of all costs, money and property, in a single account against a single allocation, and it would be a more effective control device than the present allotment account.

We do not intend to implement the Property Authorization Control procedure this fiscal year but will try to get appropriate authority for a "stock fund" effective for FY 1958 and then implement a single integrated system of accounts. We could not, however, hope to get a stock fund without having in operation some system of financial accountability for property which would support in our records the value of our inventories and the distribution of costs.

6. Regardless of the system, acquisition and issue of documents for supply transactions must flow through a Finance Officer, with the resultant additional work. If, however, [REDACTED] will, in fact, have no inventories other than small issue rooms, as implied in the reference, then IPA is not appropriate to the bases and, in turn, accountability has no place in [REDACTED]. The bases probably /should be "detached

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Page 4

should be "detached Stations" with accountability at headquarters, obviating the need for JSA which must follow accountability. It is my desired objective to establish Financial Property Accounting procedures at every Class A Station where property accountability is maintained, including [REDACTED]. Then, and only then, will we have an organization-wide picture of assets and costs, notwithstanding that at some points the effort expended may appear to station personnel to be more beneficial to headquarters than to the station.

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7. I urge that you consider these principles in the light of our ultimate objectives and bear with us while we are earnestly endeavoring to provide, through financial accounts, the results which I believe to be one of our most important steps forward in financial management improvement.

8. I believe it will be mutually advantageous to the development of our financial management improvement program to have [REDACTED] come to headquarters for JSA for the week beginning 7 January 1957 for a round table discussion of our program and the means by which it can be accomplished with a minimum additional workload to the field. Please advise us by cable of your concurrence and the itinerary for the JSA.

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[REDACTED]  
L. K. WHITE

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ATTACHMENT

DD/S

(Releasing Officer)

(Coordinating Officer)

(Authenticating Officer)

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